

For a full analysis of the debate on the leadership's tax bill, HB 3, see p. 1. Here is a quick run-down of what happened:

- * The bill passed 78-70, with one Democrat supporting it and nine Republican defections.
- * The Texas Association of Business endorsed HB 3 on Mar. 14.
- * The main change to the bill that secured sufficient votes for passage was a change giving businesses a choice between the existing franchise tax and the compensation (payroll) tax. This change was what cleared the way for the Texas Association of Business endorsement.
- * The House leadership removed the \$90,000 cap on wages subject to the 1.15 percent tax. Now all wages are taxed.
- * Other key changes included a tax increase on insurance companies authored by Rep. **Patrick Rose** (D-Dripping Springs), removal of the sales tax on newspapers, a restriction that all money raised from tickets given by cameras to cars running red lights go to property tax reduction, removal of a surtax on tobacco companies that did not settle in the state's lawsuit with the tobacco industry, and a provision sending constitutional challenges to HB 3 directly to the Texas Supreme Court.
- * Rep. **Burt Solomons** (R-Carrollton) succeeded momentarily in making the bill subject to a public referendum. The motion to table failed 57-86. But Solomons later voluntarily pulled the amendment down at the request of the House leadership.

Perry appoints Johnson to Texas Supreme Court

Gov. **Rick Perry** has appointed **Philip Johnson** of Lubbock to the Supreme Court. Johnson is currently chief justice of the 7th Court of Appeals in Amarillo. Johnson is the first West Texan named to the court since 1982. West Texas newspapers have frequently called on Perry to appoint someone from the region to a major post in state government.

Said Perry: "Justice Johnson has more than two decades of experience in private practice, his counsel has been sought by members of the Texas Legislature, the Texas Bar Association and numerous legal panels, and he has answered the call of public service not only as an appellate court judge but for seven years as a decorated Air Force combat pilot. The people of West Texas know him as a fair and thoughtful judge who bases his opinion on the law and Constitution, and soon all the people of Texas will come to know and respect him in the same way."

Court sends Planned Parenthood/ Rider 8 case back to district court

The U.S. Court of Appeals for the 5th Circuit has ordered a new trial on Planned Parenthood's challenge to a state ban on granting certain federal family planning funds to organizations that perform abortions.

A federal district court, ruling that the rider violated federal law, had enjoined enforcement of the rider, one of whose clauses reads: "It is also the intent of the Legislature no funds appropriated under Strategy D.1.2, Family Planning, shall be distributed to individuals or entities that perform elective abortion procedures or that contract with or provide funds to individuals or entities for the performance of elective abortion procedures."

A three-judge panel held that Rider 8 does not violate federal law if it allows service providers, such as Planned Parenthood, to create affiliates that do not perform abortions and still receive federal money.

The injunction issued in the lower court is dissolved unless Planned Parenthood can prove that "insisting on the use of affiliates

would so hinder their operations as to work in practical terms an impermissible prohibition by the State of Texas upon the ability of these Appellees to continue their abortion services using their own funds with no direct or indirect federal funding.”

Hospitals call for limits on physician self-referral

The Texas Hospital Association released at a news conference March 16 a report on physician self-referral and its effect on the health care system. THA provided reporters with a list of bills that have been filed regulating or limiting the practice.

An issue is whether physicians should be allowed to refer patients to niche hospitals or clinics in which they have an ownership interest. These clinics specialize in certain types of medical procedures.

“We are not concerned with the emergence of limited-service centers in general,” said **Dan Stultz**, chairman of the Texas Hospital Association, “just those with owners in the position to direct where most patients receive their care and that drain vital financial resources from the community’s health care infrastructure ... Physician/owners are put in the ethically-inappropriate position of cherry-picking and choosing their patients based on profitability.”

At the news conference, the hospital executives frequently noted that full-service hospitals have to take uncompensated or charity care patients. They also emphasized concerns about possible effects of self-referral on rural health care.

LSR requested a response from the Texas Medical Association, which issued the following statement: “TMA strongly opposes efforts to limit investment opportunities for physicians such as ownership of facilities, equipment, and services to certain types of providers. TMA also agrees that physicians must disclose to patients any ownership interest in a facility or service, and that physician-owned entities should adhere to all state and federal regulations; provide appropriate credentialing of physicians, clinical, and support staff; monitor utilization and quality; and adhere to relevant TMA and AMA ethical guidelines.

“Studies show that patients in one chain of heart hospitals that treats severely ill patients fare better on quality care indicators than patients in ‘full-service hospitals.’ Patients there have significantly lower in-hospital mortality rates and significantly shorter hospital stays.”

Delisi wins AMA’s highest award

Rep. **Dianne White Delisi** (R-Temple) received March 15 the Dr. Nathan Davis Award of the American Medical Association (AMA) for Outstanding Public Service in the category of State Representative.

“To be recognized nationally by the AMA honors all of us at the state level who work in health care public policy,” Delisi said. “It is gratifying. I return to Texas inspired to try to make our health care system better.”

The Dr. Nathan Davis Award is the AMA’s highest honor that may be bestowed upon a public official and is given to eight individuals each year. Each winner represents a distinct area of public service within one of eight awards categories. The categories range from U.S. Senator to Statewide Elected Official to Career Public Servant at the Local Level.

Criminal justice policy gets boost from governor, foundation

Two big announcements were made this week regarding criminal justice policy. Gov. Perry said he has issued an executive order creating the Governor’s Criminal Justice Advisory Council to advise him on the adequacy of criminal procedures from crime investigation through appellate and post-conviction proceedings.

“The Criminal Justice Advisory Council will allow Texas to continually assess our system of justice and make improvements when needed,” Perry said in a speech to the Texas Daily Newspaper Association. “I have great confidence in our justice system, but no system is perfect, and we must not be afraid of asking the questions that will lead to creating a more perfect system of justice for all the people of Texas.”

Also this week, the Texas Public Policy Foundation has expanded its operations to the criminal justice policy area with the creation of the Center for Effective Justice. The Center's initial charge will be to study criminal justice issues and to develop and promote new public policy approaches that work to repair the harm done to victims, reduce recidivism, and minimize the costs to the taxpayer.

TPPF has hired **Marc A. Levin** to serve as a Foundation senior fellow and as executive director of the Center. Levin is an Austin attorney and an accomplished author on legal and public policy issues.

Uresti: Gambling a source for CPS reform funds

Rep. **Carlos Uresti** (D-San Antonio) has filed HB 3343, authorizing the state to use online lottery ticket sales to pay for reforms for Child Protective Services. Uresti estimates that Internet sales of lottery tickets could earn the state more than \$350 million over the biennium.

"In the absence of tax increases, the Legislature must find new revenues to fully fund CPS reforms," Uresti said. "The bill would yield enough funds to move comprehensive CPS reforms forward, without increasing the state's overall tax burden as our economy continues to recover."